

**Summary of Fifteenth Negotiation Session on
New Water Supply Agreement**

Date of Session: January 26, 2004
Place: Santa Rosa Laguna Pumping Plant
Time: 9:00 AM – 11:45 PM

Parties Present and Represented:

Cities: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma and Windsor.
Special Districts: Sonoma County Water Agency, Valley of the Moon WD and
Marin Municipal WD.

Attachment A contains complete list of attendees.

Discus Extension of MOU re Interim Impairment:

Much of the meeting was devoted to this item. During extensive discussion the parties debated several approaches: proceed with negotiation of extension of the MOU, proceed with negotiation of Restructured Agreement, follow a parallel course encompassing both efforts.

A number of concerns were raised by the contractors during the discussion: concern that the Agency was burdening water contractors with costs related to its wastewater and flood control obligations, concerns about allocation of water when deficiencies occur, concerns that the draft agreement does not address demand hardening or unilateral agreements between the Agency and one or more contractors to construct necessary facilities if other contractors object, concerns about the feasibility and scope of recycled water provisions in the draft agreement. On the other hand, Randy Poole stated the Agency was concerned that the new agreement contain adequate funding for recycled water and conservation projects in order to meet the expectations of the State Water Resources Control Board. He also noted the Agency desired expenditures for endangered species act compliance and environmental mitigation costs to be more formally recognized in the agreement and to afford contractors more representation regarding how this money is spent.

During the course of debate, Pam Torliatt offered a motion that the water contractors' meet for the purpose of reaching consensus on how to allocate the 75,000 ac-ft/yr currently permitted the SCWA. The motion died for lack of a second.

The upshot of the discussion was unanimous approval by WAC members present of the following two motions:

1. Motion by Pam Torliatt, second by Jake Mackenzie: Parties to the MOU (Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Windsor, Forestville WD, North Marin WD, Marin Municipal WD, Valley of the Moon WD and Sonoma County Water Agency) pursue a negotiation process to extend the MOU re Interim Impairment with the goal of completing the process by July 31, 2004.
2. Motion by Jake Mackenzie, second by Mike Martini: Continue negotiation of a new agreement using the SCWA January 13, 2004 Draft Restructured Water Supply Agreement as a beginning point with the goal of completing negotiation by July 31, 2004 and circulate to the governing boards of all parties.

In the discussion that followed, it was the request of the Chair that the representatives of the parties to the original MOU negotiation should be convened by the Chair for the purpose of commencing negotiation of the MOU extension. Regarding the Restructured Agreement, it was the consensus that the SCWA staff (Randy Poole and Steve Shupe), would first meet individually with each contractor to discuss the Draft Restructured Agreement.

Significant Variances between Draft Restructured Agreement and Agreements Reached by WAC:

WAC consultant John Nelson reviewed the significant variances including new language presented by the Agency for the first time (refer to Attachment B) highlighting: inclusion of language the WAC had seen before but had not reached agreement on re. recycled water/local supply projects and watershed planning and restoration; and, new language regarding elimination of "entitlements" terminology, deletion of commitment by Agency to extend the agreement upon similar terms, changes in Section dealing with allocation of water during shortages, inclusion of new O&M charge components for recycled water/local supply projects and watershed planning and restoration.

It was noted that all of the so-called housekeeping items (not addressed in Mr. Nelson's analysis) would need to be fleshed out and approved by the water contractors. Mr. Poole said he would cover this ground in the individual meetings with the water contractors. Lee Harry asked that a representative of Santa Rosa be included in the meeting re. the Sonoma Aqueduct facilities.

The parties indicated they would pursue negotiation of the Restructured Agreement at the next negotiation session and set the date for same as 9:00 AM, February 23, 2004.

Presentation of Second Draft of Restructured Water Supply Agreement:

The second draft (dated January 13, 2004) was emailed to the parties prior to the meeting. During the course of the meeting, Randy Poole was queried by representatives from

Petaluma on whether the draft agreement included all that the Agency required in a new agreement. He stated, yes, that it was sufficient and met what the Agency believes it needs in order to meet the water supply needs of the contractors.

Follow-up Tasks for Next Session

1. Recap of January 26, 2004 Negotiation Session (Nelson)
2. Status of Agency/Individual Contractor Meetings
3. Commence Negotiation of Significant Variances

Next Negotiation Session

Time and Date: 9:00 AM-12:00 PM, February 23, 2004

Place: Santa Rosa's Laguna Treatment Plant

Attachments:

- A List of Attendees, Dec. 15, 2003 Negotiation Session
- B Modified and New Language Contained in Draft 2 of Restructured Water Supply Agreement

Attachment A

Attendees Of Water Advisory Committee Negotiation Meeting For January 26, 2004

Attendees:

- Miles Ferris, City of Santa Rosa
- Jane Bender, City of Santa Rosa
- Virginia Porter, City of Santa Rosa
- Mike Martini, City of Santa Rosa
- John Nelson, JONWRM
- Toni Bertolero, City of Cotati
- Janet Orchard, City of Cotati
- Terry Stubbing, City of Cotati
- Ron Theisen, Marin Municipal Water District
- Steve Phelps, Marin Municipal Water District
- Al Bandur, City of Sonoma
- Mike Fuson, City of Sonoma
- Mike Ban, City of Petaluma
- Pam Torliatt, City of Petaluma
- Mike Bierman, City of Petaluma
- Steve Simmons, City of Petaluma
- Randy Poole, Sonoma County Water Agency
- Matt Mullan, Town of Windsor
- Darrin Jenkins, City of Rohnert Park
- Carl Leivo, City of Rohnert Park
- Jake Mackenzie, City of Rohnert Park
- Lee Harry, Valley of the Moon Water District

Public Attendees:

- Brenda Adelman, RRWPC
- Stan Gold, Petaluma resident
- Jo Timmsen, To Tell the Truth